**CCMA - T+1 Operations Working Group**

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**T+1 Operations Working Group**

**Agenda**

**October 12, 2023 at 11:00 AM ET**

**Co-Chaired by:**

Sheera Badial of Canaccord Genuity

Domenic Sgambelluri of Northern Trust

1. **Approval of Minutes from the meeting held on September 14, 2023**
2. **T+1 Steering Committee Update**
3. **Issues for discussion**
   1. **ETF Task Force update – Jamie Anderson**
   2. **Updated T+1 Asset List – Barb Amsden**
   3. **Review of Issue Log - Sheera/Domenic**
      1. CDS/CDCC Detailed Test Plan (attached) – CDS to provide update
      2. Conversion issues (Buyins, CA, etc)
   4. **Review of questions raised by JPMorgan**
      1. Auto-confirming DP non-exchange trades at 2:30 PM (Lock In confirmation) on T
      2. Trade matching metrics and details - National Instrument 24-101 Institutional Trade Matching and Settlement
      3. Update from LRWG: Broker to Broker non-exchange trades Trade matching quarterly compliant trade percentage – Jamie Anderson to update
4. **Other Business**
   1. **Presentation by Torstone Technologies at 12 Noon – Andrew Parker**
5. **Next Meeting November 9, 2023 at 11:00 AM ET**

**T1-OWG -** **Minutes of September 14, 2023**

Keith Evans of CCMA welcomed attendees to the T+1 Operations Working Group meeting. Keith then turned the meeting over to Domenic Sgambelluri and Sheera Badial.

1. **Approval of the Minutes from the meeting held on August 10, 2023**

Domenic Sgambelluri reported that the Minutes from the last T+1 Operations Working Group meeting, held on August 10, 2023, were distributed with the meeting package. There were no additions, subtractions or material corrections requested by members, therefore the Minutes of the meeting were approved as presented.

1. **T+1 Steering Committee Update**

Keith provided an update on the activities of T+1.

Keith reported as follows:

* There are a few items on today’s agenda that were part of the Steering committee, so he said they would be covered later in the meeting.
  1. ETF Taskforce
  2. NI 24-101
* The US commenced their industry testing in August. While participation is lite so far, there are no problems to report.
* The US is setting up a Command Center for conversion activities, and CCMA will be part of that Command center.
* The US is not preparing to delay the implementation timeline.
* Mexico has committed to transition on May 27, 2024.
* Bermuda has not committed to transition to T+1 next year, as previously reported.
* There is no knowledge of other Central and South American countries preparing to transition next year….but there is ongoing discussions.
* A member mentioned that Brazil may transition in 2025, but this has not been officially communicated.

1. **Issues for discussion**

A – ETF Taskforce - Update – Domenic asked Jamie Anderson of CCMA to provide an update to the group. Jamie said that the ETFTF continues to meet monthly and he summarized their activities as follows:

* The current focus of the taskforce is to work on the ability to provide collateral as part of the ETF creation process. This includes getting clarity about the provision of collateral under National Instrument 81-102.
* In the short term the taskforce will work with the CSA to obtain a blanket order for exemption relief from NI 81-102 for the ability to provide and accept collateral.
* This is expected to be reviewed later this month before being submitted to the CSA for consideration.
* The longer term solution is to have the National Instrument updated to codify the exemptive relief option.
* In the long term, the taskforce will investigate the possibility of automating the creation and redemption processes through the facilities of CDS (similar to what DTCC does in the US).

B – Issue Log update – Domenic introduced the following Issue Logs for discussion;

1. OWG-005 – NI-24-101
   * Domenic reported that the CSA had recently issued a Staff notice, indicating their recommendation of accepting the industry requested 3:59 AM ET on TD+1, instead of the originally proposed 9:00 PM on TD.
   * Some members have used this assurance as their que to commence internal planning and development utilizing the 3:59 time.
   * Many are starting to communicate the necessary changes in behavior to increase the confirmation percentages.
   * An extensive discussion on the various processes being considered and implemented was discussed amongst the OWG members.
2. OWG-038 – Transition Issues
   * Domenic asked members to identify issues that should be considered by the industry as part of transitional period.
     1. In-flight Buy Ins
     2. In-flight Corporate Actions
        + 1. It was mentioned that the industry will be working with the Marketplaces (e.g. issuance of guidance notices) to avoid the transitional period wherever possible. This is the same approach as we took for T+2.
          2. Due Bills
          3. Entitlements tracking

C – Issues raised by JP Morgan – Domenic introduced Navin Manda from JP Morgan to discuss the issues that JP Morgan would like the industry to consider.

**Topic #1** Auto-confirming DP non-exchange trades at 2:30 PM (Lock In confirmation) on T

*LI (lock in) confirmation process is an automated process that****confirms or locks in matching-eligible trades that do not have a counter trade.***

*Process currently runs at 2:30 PM on T+1 and after moving to T+1, the process will run at 2:30 PM on T (while market hours are until 4 PM).*

For intra-company trades, multiple shapes received during course of day are netted and these (DP non-Exchange CNS eligible trade) instructions are sent to CDS between 4:30 PM and 5:30 PM.

In current state, these trades are auto-confirmed on T+1 with the lock in confirmation process running at 2:30 PM.

In future state, since the time (2:30 PM) of the lock in process is not changing but moving to T, all participants with setup described above will be impacted.

**In essence, Lock in confirmation process might become significantly diminished or unusable, for majority of the participants, with the move to T+1 settlement.**

**Participants have the following options**:

1. Influence CDS, thru CCMA, to have the lock in confirmation process timing changed to 6:00 PM or later (and before 7:30 PM) on T (preferred option)
2. Influence CDS, thru CCMA, to have the current lock in confirmation process kept intact at 2:30 PM and add an additional lock in confirmation process at 6 PM or later (and before 7:30 PM) on T (alternate preferred option)
3. Forgo benefit of lock in confirmation process and send both sides of trade instructions (increased cost to participants with changes required by each impacted participant and possibly increased cost with CDS processing additional instructions)
4. Manually confirm the trades before 7:30 PM (increase support/operations staff) and accept risk that on days of heavy volume, not all trades might get confirmed by 7:30 PM
5. Do nothing and let the trades be auto-confirmed during lock in confirmation process on T+1 (Settlement date). Trades identified as non-CNS will settle TFT by EOD and those marked as CNS however will not settle EOD on T+1 resulting in increased fails)

The feedback from the OWG was as follows;

* CDS provided some additional information that has not been shared until today. That is, that the industry decided in 2020 that the Lock In and M2 processes were not be continued once PTM is implemented.
* Keith suggested that members take this back to their respective firms and determine, by next month’s meeting, if this warrants further discussion.

**Topic #2** Trade matching metrics and details - National Instrument 24-101 Institutional Trade Matching and Settlement

*3.1 (1) A registered****dealer must not execute a DAP/RAP trade with or on behalf of an institutional investor unless the dealer has established, maintains and enforces policies and procedures designed to achieve matching as soon as practical****after such a trade is executed and in any event no later than 12 p.m. Eastern Time on T+1 (time changed to 3:59 a.m. on T+1 to be effective on May 27, 2024 when Canada goes live with T+1).*

Though the regulation requires the dealer to maintain and enforce policies and procedures designed to achieve 90% matching by a defined time, the dealers are required to develop bespoke tools and processes to identify and address problem areas (clients) and gauge compliance with the rule.

Currently, reports provided by CDS only include % of matched trades at set intervals.

**Proposal: On behalf of the industry, to improve market efficiencies, CDS should provide detailed trade matching metrics, for both broker-to-broker non-exchange trades and the Institutional trades, to each of its participants that would include respective client details and other relevant information.**

Note: As per CDS, the client details are optional and hence not all participants might be including it with the trade instructions.

The feedback form the OWG as follows;

* Paramax Arrow users are able to obtain this information without any development required.
* CDS will not have the time to make any changes prior to the implementation of T+1.
* One member outlined how they have dealt with this information.
* Alternatively taking the issue to the SDRC of CDS for consideration.

**Topic #3** Broker to Broker non-exchange trades Trade matching quarterly compliant trade percentage

*Part B of IDPC Rule 4700 sets out the general trading and delivery requirements applicable to all transactions including requirements for Dealers to match non-exchange trades executed between Dealers (broker-to-broker). Dealers are required to enter, accept and reject these trades in an acceptable trade matching utility by 6pm on the day the trade is executed. We are not proposing to amend the 6pm cut-off time as this time is considered sufficient to support a T+1 settlement.*

**Proposal**: To benefit from netting and novation at 10:30 PM, participants are required to send in allocations and confirm the broker-broker non-exchange trades by 7:30 PM while the 90% trade matching statistics are expected to be achieved by 6 PM.

Suggest the timing for assessing compliance with 90% trade matching be set to 7:30 PM.

The feedback form the OWG as follows;

* This appears to be a CIRO Rule change requirement.
* Jamie Anderson indicated that the 6 PM deadline has been in place for a long time.
* CIRO had presented the proposed T+1 rule changes, the LRWG and the T1SC agreed that no change were required. In addition, the Rule changes had gone unchallenged during the public comment period and are now awaiting final approval.
* If changes are determined, CIRO will need to be review and undergo further analysis and public comment.
* Jamie agreed to table this at the next LRWG meeting for further review.

1. **Other Business**

The Torstone presentation was postponed to the next meeting due to technical issues.

1. **Next Meeting**

The next meeting of the CCMA - T+1 Operations Working Group will be scheduled for October 12, 2023, at 11:00 AM Eastern.

**ATTENDEES**

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| Abhishek Dawra |
| AC Hurillon-Laurentian Bk Securities |
| Adetoun Dinah |
| Alex Ball |
| Allan Bisessar - HOOPP |
| Alpa Kalra |
| Alvin Lam |
| Amit Joshi |
| Amy Douglas | STL (Central Time) |
| Amy Fisher |
| Andrea Brake |
| Andrew LaFemina - TD Securities |
| Andrew Malenowski |
| Andrew Parker |
| AndrewLedbury - kyndryl |
| Anji Muddana |
| Anna Campagnaro |
| Anna Tyniec |
| Annmarie Thompson |
| Arjun |
| Arman Sabanal |
| Art Valdes |
| Ashish |
| Ashtab Ruffudeen - HOOPP |
| Assane Ndoye - Desjardins (Assane Ndoye) |
| Barb Amsden# CCMA |
| Benjamin Tell |
| Bernd Schwericke |
| bikash |
| Bobbisue Edmondson (HUB) |
| Brandi Branson-EDJC |
| Brent Blake |
| Brian Choy |
| Bryan Trudell |
| Calonda Brown |
| Carol Revoredo |
| Carolyn Sebek |
| Casey Als - TD |
| Catherine Pal |
| CC |
| Chad Boyette |
| Chinmay |
| Chioma - BOC |
| Chong# Kelly |
| Christine Desjardins |
| Connie Tam (Credit Suisse) |
| Dan Brennan |
| Daniel Bailey |
| Daniel Farley |
| Danny Leca CIBC |
| Darren Maguire |
| Darshin Patel |
| Dave O'Marra-DOC (Dave O'Marra) |
| David |
| David Petiteville @rbc |
| David Rocco |
| dconnolly |
| Deepak D. |
| dhopkinson |
| Dianne Duffy |
| Dipietro# Bruna |
| Dom Sgambelluri |
| Drew |
| Edson Silva (Scotiabank) |
| Elaine Partridge |
| Eric |
| farrells |
| Finbar Patrick Robinson |
| Frank Baron - CIBC Mellon |
| Frank Battaglini |
| Franklin Lacroce OSC |
| Geoff Baxter - TD |
| George Chung |
| Giancarlo |
| Ginelle Ciuffreda |
| Greg Sutton - CIBC |
| Gus |
| Guy Maffett |
| Ha Luong |
| Habby Bauer |
| Hardik Shah |
| Harry Li - Broadridge |
| Hector Toriz AMF |
| Henry - Broadridge |
| Herman Tan |
| Isaac - CDS |
| Isabelle Bissonnette |
| Ivy Sananikone - LBC |
| J P Howarth |
| Jakupovic# Milena |
| Jamie Anderson - CCMA |
| Jane Chan |
| Jason Golding |
| Jason Kwong (RBC） |
| Jason O'Born-RBC |
| Jeff Haddock |
| Jess Lim |
| JJW |
| Joanna |
| Johann Lochner - CDS |
| Jonathan Grenier (SocGen) |
| JonesCathy @ CIBC |
| JSanchez |
| Judith Marcelo |
| Kaitlyn O'Donnell |
| Kapil Sharma - CIBC |
| Kasia |
| Katarina Savic |
| Katherine TDS |
| Keith Evans - CCMA |
| Kevin |
| Kilee - ATB |
| korzechowski |
| Kristen Little |
| Kuba Orzechowski (korzechowski) |
| Laura Leitch |
| Lavanya CIBC |
| Laxman |
| Liam Rodenburg |
| Lilea Chong |
| Lou Lesnika - CIBC Mellon |
| Luedemann# Peter |
| lyndon james - Citi |
| MAAmorim |
| Mahaua Chowdhury |
| Mamadou CDCC |
| Manda# Navin |
| Marc B |
| MarepallyAn |
| Maria Cortina |
| Mariam Osman |
| Mathew Isaac |
| Mazen Ghanem |
| McCormick# Kevin |
| Meaghan Li |
| Mee Chee Beutel - Broadridge |
| Michael Cagayat |
| Michael G |
| Michael Kenny / TDW Canada |
| Michael Lowes - TD Securities |
| Michael Palmiotto |
| Michelina Crecco |
| Mieka Halliday-Gunn |
| Mike Morgan |
| Mike Pryor |
| Mikela Page |
| Myessa |
| Natalia Markelova |
| Nav Badhan (BNY Mellon) |
| nick schiano |
| Niranjan Rudraradhya |
| Nishant Bhatia |
| NS |
| Olga Svistoun - BMO |
| Olivier Demet (Credit Suisse) |
| OSEIR2 |
| Patrice Naughton |
| Patricia Neath |
| Patrick Owens |
| Paul White BMO |
| Paul Adair - Lysander Funds |
| Pavan |
| Peter Burns |
| Pollack# Adriana |
| R. Gamboa - TD |
| Raghuram Garapati |
| Rahela Syed |
| Rajender Mamidala |
| Rene Wade - Mackenzie Investments |
| Ricardo Dacosta - IRESS (Ricardo Dacosta) |
| Richard King |
| Rick Frise |
| Rob Candido |
| Roger Yin |
| Rose# Alison |
| Rowena K Cheung-Wong |
| Ruell Gomez |
| Rui Ferreira - Torstone Technology |
| RuthO |
| Ryan Chen |
| Safiya Bannister(she/her)- HOOPP |
| Sai Rajesh Indugu |
| Sateesh Doniparthi |
| Satish Krovvidi - TDSI |
| Saviano# Caterina |
| Scott Abbott |
| Sharon Lund |
| Sheera Badial - Canaccord Genuity |
| Sobhi Boucetta |
| SteblaiD - Broadridge |
| Stefan Bijelic - BNS |
| Stephen Byron |
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| Sudhir (XBBJRPP) |
| Sunad Sthalekar |
| Svetlana Perunova |
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| Tammy Savinkoff |
| Tara Dobson (ATB) |
| Thomas Koprowski |
| Toni McMillion |
| Veronica Lee |
| Vincenza Riga - Broadridge |
| Walter Raposo - Cboe MATCHNow |
| Waqas Ahmed |
| Weijia Luan |
| Winston Poh |
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